

THE APPLICATION OF CABOT OIL & GAS CORPORATION TO AMEND FIELD RULE 2 FOR THE BRACHFIELD, S.E. (COTTON VALLEY) FIELD, RUSK AND PANOLA COUNTIES, TEXAS

Heard by: Richard D. Atkins, P.E. - Technical Examiner

Date of Hearing: October 16, 2008

Appearances:

Dale E. Miller

Representing:

Cabot Oil & Gas Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Cabot Oil & Gas Corporation requests that Field Rule 2 for the Brachfield, S.E. (Cotton Valley) Field be amended. The field is currently governed by Field Rules that provide for 330'-660' well spacing.

Cabot proposes to amended Field Rule 2 to provide for 330'-660' well spacing with no minimum well spacing between horizontal and vertical wells. The allocation formula is suspended and Cabot requests that the allocation formula remain suspended.

This application was unopposed and the examiner recommends that Field Rule 2 for the Brachfield, S.E. (Cotton Valley) Field be amended as proposed by Cabot.

DISCUSSION OF EVIDENCE

The Brachfield, S.E. (Cotton Valley) Field was discovered in February 1981 as a non-associated gas field. There are a total of 185 gas wells carried on the proration schedule. Cabot Oil & Gas Corporation operates a majority of the wells and there are four additional operators in the field.

The Brachfield, S.E. (Cotton Valley) Field has produced 42.3 BCFG and 534.9 MBC through July 2008 and is undergoing recent horizontal infill drilling development. The discovery well, the Lawler Lease, Well No. 1, was completed as a vertical well and produced only 12.6 MMCFG and 376 BC before being plugged in October 1981.

The reservoir in the Brachfield, S.E. (Cotton Valley) Field is tight and is composed of lenticular sand porosity developments. The Cotton Valley sands have an average porosity of 9%, an average water saturation of 28% and an average thickness of 300 feet. The primary drive mechanism is a gas expansion drive. Cabot is proposing to drill horizontal wells in the Brachfield, S.E. (Cotton Valley) Field to recover additional hydrocarbons within the Cotton Valley formation.

Over fifteen fields in the area already have no minimum spacing requirements between vertical and horizontal wells. These fields include the Blocker (Cotton Valley), Hardwood (Cotton Valley) and the Woodlawn (Cotton Valley) Fields. No minimum well spacing between horizontal and vertical wells will provide operators in the field the additional flexibility needed to drill horizontal wells at optimum locations without requiring Rule 37 Exceptions as a result of the vertical well locations.

The allocation formula in the field has been suspended since 1995 and Cabot requests that the allocation formula remain suspended.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Brachfield, S.E. (Cotton Valley) Field was discovered in February 1981 as a non-associated gas field and has produced 42.3 BCFG and 534.9 MBC through July 2008.
3. The field is governed by Field Rules that provide for 330'-660' well spacing and the allocation formula is suspended.
4. There are a total of 185 gas wells carried on the proration schedule. Cabot Oil & Gas Corporation operates a majority of the wells and there are four additional operators in the field.
5. The Brachfield, S.E. (Cotton Valley) Field is undergoing recent horizontal infill drilling development.
6. The reservoir in the Brachfield, S.E. (Cotton Valley) Field is tight and is composed of lenticular sand porosity developments. The primary drive mechanism is a gas expansion drive.
7. Over fifteen fields in the area already have no minimum spacing requirements between vertical and horizontal wells. These fields include the Blocker (Cotton Valley), Hardwood (Cotton Valley) and the Woodlawn (Cotton Valley) Fields.
8. No minimum well spacing between horizontal and vertical wells will provide

operators in the field the additional flexibility needed to drill horizontal wells at optimum locations without requiring Rule 37 Exceptions as a result of the vertical well locations.

9. The allocation formula has been suspended since 1995.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Amending Field Rule 2 for the Brachfield, S.E. (Cotton Valley) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission amend Field Rule 2 for the Brachfield, S.E. (Cotton Valley) Field and the allocation formula remain suspended as proposed by Cabot Oil & Gas Corporation.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner